



**STATE OF TENNESSEE  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
STATE CAPITOL  
NASHVILLE, TENNESSEE 37243-0285**

**DAVE GOETZ  
COMMISSIONER**

FOR IMMEDIATE RELEASE  
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## **MARCH REVENUES**

NASHVILLE - Finance and Administration Commissioner Dave Goetz reported today that overall March revenues were \$866.7 million or \$65.0 million less than the state budgeted.

"The current year budget was based on sales tax growth of just over four percent, but the actual growth rate has been below two percent," Goetz said. "Given that, and a corporate tax shortfall of \$86 million so far this fiscal year, we anticipate having to make some difficult decisions to keep state spending within the limits for the remainder of the current year and into next year."

On an accrual basis, March is the eighth month in the 2007-2008 fiscal year.

The general fund was under collected by \$64.3 million and the four other funds were under collected by \$700,000.

Sales tax collections were \$13.2 million less than the estimate for March. The March growth rate was 0.60%. For eight months revenues are under collected by \$117.7 million. The year-to-date growth rate for eight months was 1.81%.

Franchise and excise taxes combined were \$44.9 million below the budgeted estimate of \$206.6 million. For eight months revenues are under collected by \$86.5 million.

Gasoline and motor fuel collections for March decreased by 5.49%. For eight months revenues are over collected by \$10.2 million.

Tobacco taxes collections were \$5.5 million under the budgeted estimate of \$30.1 million. For eight months revenues are under collected in the amount of \$52.0 million.

Year-to-date collections for eight months were \$268.1 million less than the budgeted estimate. The general fund was under collected by \$275.8 million and the four other funds were over collected by \$7.7 million.

The budgeted revenue estimates for 2007-2008 are based on the State Funding Board's consensus recommendation adopted by the first session of the 105<sup>th</sup>. General Assembly in June of 2007.

The revised estimates for this fiscal year as presented in the 2008-2009 Budget Document assumes an under collection in total taxes in the amount of \$165.4 million. By tax source the assumed under collections are: Sales tax \$62.8 million; F&E taxes \$54.8 million; tobacco taxes \$30.0 million; privilege taxes \$27.6 million; and, a net over collection of \$9.8 million from all other tax sources. The General Fund under collection is projected to be \$180.0 million.

<p align="center"><b>REVENUE COLLECTIONS</b>  <b>MARCH, 2008, AND 8 MONTHS YEAR-TO-DATE</b></p>
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**March Collections:**

	<b>Budgeted Accrual Estimate</b>	<b>Actual</b>	<b>Difference</b>
General Fund	\$785,369,000	\$721,039,000	(\$64,330,000)
Highway Fund	55,752,000	55,648,000	(104,000)
Sinking Fund	26,264,000	26,104,000	(160,000)
City & County Fund	61,720,000	61,160,000	(560,000)
Earmarked Fund	2,639,000	2,779,000	140,000
<b>Total</b>	<b>\$931,744,000</b>	<b>\$866,730,000</b>	<b>(\$65,014,000)</b>

**Year-To-Date Collections:**

	<b>Budgeted Accrual Estimate</b>	<b>Actual</b>	<b>Difference</b>
General Fund	\$6,002,771,000	\$5,726,974,000	(\$275,797,000)
Highway Fund	455,521,000	460,992,000	5,471,000
Sinking Fund	213,148,000	212,095,000	(1,053,000)
City & County Fund	504,517,000	507,595,000	3,078,000
Earmarked Fund	22,429,000	22,679,000	250,000
<b>Total</b>	<b>\$7,198,386,000</b>	<b>\$6,930,335,000</b>	<b>(\$268,051,000)</b>

**Table 1**  
**Tennessee Department of Revenue**  
**Comparative Statement of Collected Revenues**

Class of Tax	March			
	2007	2008	Change	Percent
Franchise & Excise	\$213,063,000	\$161,747,000	-\$51,316,000	-24.08%
Income	14,758,000	17,318,000	2,560,000	17.35%
Inheritance & Estate	6,965,000	11,038,000	4,073,000	58.48%
Gasoline	45,721,000	45,825,000	104,000	0.23%
Petroleum Special	5,001,000	4,901,000	-100,000	-2.00%
Tobacco	16,739,000	24,604,000	7,865,000	46.99%
Beer	1,401,000	1,522,000	121,000	8.64%
Motor Vehicle Registration	25,924,000	26,055,000	131,000	0.51%
Motor Vehicle Title	1,027,000	845,000	-182,000	-17.72%
Mixed Drink	4,203,000	4,485,000	282,000	6.71%
Business	2,653,000	3,139,000	486,000	18.32%
Privilege	20,364,000	17,494,000	-2,870,000	-14.09%
Gross Receipts	18,000	(14,000)	-32,000	-177.78%
TVA - In Lieu of Tax Payments	21,114,000	22,011,000	897,000	4.25%
Alcoholic Beverage	3,083,000	3,418,000	335,000	10.87%
Sales and Use	510,014,000	513,080,000	3,066,000	0.60%
Motor Vehicle Fuel	12,399,000	8,929,000	-3,470,000	-27.99%
Severance	167,000	181,000	14,000	8.38%
Coin-operated Amusement	0	6,000	6,000	NA
Unauthorized Substance	312,000	146,000	-166,000	-53.21%
<b>Total</b>	<b>\$904,926,000</b>	<b>\$866,730,000</b>	<b>(\$38,196,000)</b>	<b>-4.22%</b>

**Table 2**  
**Tennessee Department of Revenue**  
**Comparative Statement of Collected Revenues**

Class of Tax	August - March			
	2006-2007	2007-2008	Change	Percent
Franchise & Excise	\$952,512,000	\$893,849,000	-\$58,663,000	-6.16%
Income	35,091,000	36,887,000	1,796,000	5.12%
Inheritance & Estate	63,168,000	65,639,000	2,471,000	3.91%
Gasoline	405,969,000	411,104,000	5,135,000	1.26%
Petroleum Special	43,278,000	43,497,000	219,000	0.51%
Tobacco	86,563,000	181,449,000	94,886,000	109.61%
Beer	11,810,000	12,300,000	490,000	4.15%
Motor Vehicle Registration	161,836,000	159,608,000	-2,228,000	-1.38%
Motor Vehicle Title	7,304,000	6,956,000	-348,000	-4.76%
Mixed Drink	34,775,000	36,095,000	1,320,000	3.80%
Business	12,703,000	13,753,000	1,050,000	8.27%
Privilege	189,820,000	171,483,000	-18,337,000	-9.66%
Gross Receipts	14,444,000	13,993,000	-451,000	-3.12%
TVA - In Lieu of Tax Payments	163,020,000	182,285,000	19,265,000	11.82%
Alcoholic Beverage	27,118,000	28,547,000	1,429,000	5.27%
Sales and Use	4,471,406,000	4,552,417,000	81,011,000	1.81%
Motor Vehicle Fuel	119,644,000	117,471,000	-2,173,000	-1.82%
Severance	1,033,000	1,529,000	496,000	48.02%
Coin-operated Amusement	88,000	66,000	-22,000	-25.00%
Unauthorized Substance	1,243,000	1,407,000	164,000	13.19%
<b>Total</b>	<b>\$6,802,825,000</b>	<b>\$6,930,335,000</b>	<b>\$127,510,000</b>	<b>1.87%</b>

**Table 3**  
**August - March Revenue Overcollections/(Undercollections)**  
**Budgeted Estimate**

	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
Sales Tax	\$ (112,300,000)	\$ (5,400,000)	\$ (117,700,000)
Income Tax	(3,200,000)	(1,600,000)	(4,800,000)
Inheritance Tax	4,900,000	0	4,900,000
Privilege Tax	(32,600,000)	200,000	(32,400,000)
Business Tax	900,000	0	900,000
TVA	5,000,000	3,700,000	8,700,000
Gross Receipts	(900,000)	0	(900,000)
Gasoline & Motor Fuel Taxes	400,000	9,800,000	10,200,000
Motor Vehicle Registration	0	800,000	800,000
Other Taxes	(51,500,000)	200,000	(51,300,000)
<b>Sub-Total</b>	<b>\$ (189,300,000)</b>	<b>\$ 7,700,000</b>	<b>\$ (181,600,000)</b>
F & E Taxes	(86,500,000)	0	(86,500,000)
<b>Total</b>	<b>\$ (275,800,000)</b>	<b>\$ 7,700,000</b>	<b>\$ (268,100,000)</b>